ing to advances issued by RBI from time to time.

Further, the banks have been advised by RBI to formulate policy documents with the approval of their Boards on various operational areas including grant of loans and their recovery. The loan policy would, *inter-alia,* have to take the into account prudential norms relating to bank's exposure to various individuals/ groups/sectors, as well as other aspects including delegation of powers and pricing.

RBI have further reported that banks are required to advice on the extent of security to be obtained on the basis of their risk perception of the borrowers and to comply with the general directions in this regard laid down in their loan policy as approved by the Board. The nature and value of security obtained by banks depend, inter-alia, on the amount of loan, nature of activity of the borrower, credit worthiness and track record of borrowers, viability of the proposal and the element of business risk involved.

(c) Presumably the Hon'ble Member is referred to the Agricultural and Rural Debt Relief Scheme (ARDRS), 1990. This scheme was an one time measure and it has already come to a close. RBI is of the view that experience shows that such across the board loan or interest waivers, without reference to the merits of individuals cases apart from vitinting the recovery climate also do not subserve the interest of either the institutions or the rural clientate in the long run.

Busy Season Credit Policy to Boost Exports

2616. SHRI V. NARAYANASAMY: Will the Minister of FINANCE be pleased to state:

(a) whether Government have formulated 'Busy Season Credit Policy' to boost exports and if so, the details thereof;

(b) whether cost of exports credit has progressively gone up from 6.5% interest on packing credit to 13% and banks have been charging 'arbitrary rates' for bills delayed beyond 90 days;

(c) whether this high cost of finance is adversely hitting our export competitiveness and our exports have registered a downward swing; and

(d) whether Government have received any complaints from small exporters for non-availability of adequate export credit at cheaper costs and if so, the steps taken to remove the difficulties faced by the exporters.

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) The Monetary Policy for the second half of 1996-97. was announced by the Reserve Bank of India (RBI) on 19.10.1996. The measures relating to exports announced in the policy inter-alia include (i) upward revision in export credit targets in banks, from existing 10% to 12% of net bank credit to be achieved by the banks by and March, 1997 (ii) rationalisation of interest rates for post-shipment rupee credit on usance bills effective from 21st October, 1996 in terms of which the interest rate applicable upto a total period of 90 days is 13% per annum and beyond the total period of 90 days and upto 6 months from the date of shipment 15% per annum. The revision in interest rates is applicable to existing outstanding advances also.

(b) and (c) RBI has reported that from October/November, 1993, exporters can avail of export credit in foreign currency at interest rates linked to LIBOR or in rupees and enjoy the forward premium available. Thus, the interest rates for export credit are quite competitive and comparable to international rates. Further credit is only one of the inputs for exports.

(d) Complaints from exporters received in the Government generally pertain to non-availability of adequate export credit at cheaper rates. RBI has issued detailed instructions to banks to ansure that (i) no worthwhile export suffers for want of

funds (ii) cases of rejection of export credit proposals are brought to the notice of Chief Executives explaining reasons for rejection, and (iii) grievances of exporters-borrowers in the matter of timely and adequate sanction of credit limits are redressed promptly.

Decline in prices of pivotals at BSE/NSE/OTCEI

2617. SHRI GOVINDRAO ADIK: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the prices of pivotals are declining sharply at B.S.E., N.S.E. and O.T.C.E.I. which is a very disturbing trend for the industrial growth of the country;

(b) if so, the details thereof and the reasons therefor; and

(c) what steps Government propose to take or have taken to arrest this trend for a healthy industrial development of the country?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) Prices of shares of companies on Stock Exchanges have generally declined in the recent months. Such a decline is on account of a variety of factors such as expectations of investors, financial results of some companies and uncertainties. The situation in the industrial sector and in the stock market is constantly reviewed by the Government and other agencies such as the Securities and Exchange Board of India.

(c) The main concern of Government's policy towards the stock market is to ensure that it operates in a fair and transparent manner and in full compliance with various relevant laws, rules and regulations. Government and SEBI are committed to introducing reforms in the stock market on a continuous basis for enhancing investor confidence in the market.

Newsitem regarding Indian airlines baggage facilities

2618. SHRI SATISH PRADHAN: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government's attention has been drawn to the news report in the Economic Times dated 15th November, 1996 under the caption "IA's baggage feeding puts flights in jeopardy";

(b) if so, the reaction of Government to the observations made therein and facts of the matter;

(c) details of action taken/proposed to provide adequate number of weighing machines and upgrading the facilities to the international standards to ensure air safety as per DGCA guidelines; and

(d) the present air-baggage rules of Air India and how do they compare with other International Airlines and changes proposed if any, to ensure air safety?

THE MINISTER OF CIVIL AVIATION AND MINISTER OF INFORMATION AND BROADCASTING (SHRI C.M. IBRAHIM): (a) Yes, Sir.

(b) and (c) As a result of the recent fire accident in Terminal 1-A of Delhi Airport; in Indian Airlines had to shift all operations to terminal 1-B and share the facility of check-in counters/weighing scales etc. of private operators. Subsequently, Indian Airlines have installed its own check-in counters and weighing scales in Terminal 1-B to meet their requirement.

(d) Air India's baggage rules are by and large on the same lines as those followed by other international airlines.